GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3033
ANSWERED ON:07.12.2001
WORLD BANK REPORT ON FISCAL DEFICIT
M. JAGANNATH

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank report released in October, 2001 warned that the mounting fiscal deficit and monetary expansion in India could lead to higher inflation level;

(b) if so, the steps taken for recovery from the `Financial Strains` pointed out; and

(c) the action taken to implement TRIPS in phased manner as recommended by the World Bank?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) & (c): A statement is attached.

Statement referred to in the Lok Sabha Unstarred Question No.3033 regarding `World

Bank Report on Fiscal Deficit` for answer on December 7, 2001.

(a) & (b): `Global Economic Prospects and the Developing countries2002` published by the World Bank has noted that fiscal position in India has been highly expansionary. Also it mentions that monetary stance in India at present is expansionary, indicating, perhaps, higher inflation in the near future. The Government is conscious of the need for better fiscal management to contain non-plan revenue expenditure and increase revenue receipts. With a view to achieve fiscal consolidation, the Budget for 2001-02 emphasises expenditure management through the process of bringing about structural changes in the composition of Central Government expenditure, economy in non-plan revenue expenditure while improving the quality of expenditure. To this end the Budget contains a number of initiatives which among others include restricting fresh recruitment to one per cent of total civilian staff strength, revision in user charges for services provided by the government and its agencies keeping in view the increased cost of these services etc. With a view to reduce interest burden, most administered interest rates were reduced by 1.5 per cent as of March 1, 2001. Besides the Fiscal Responsibility and Budget Management Bill, 2000 was introduced in Parliament in December 2000. This Bill includes provisions relating to ceilings on debt, deficit and borrowing. Besides, Reserve Bank of India on the basis of a review of macro-economic and monetary developments took certain monetary measures in October 2001 to meet credit growth and support revival of investment demand consistent with price stability.

(c) The World Bank publication on `Global Economic Prospects and the Developing Countries` emphasizes the need to rebalance the Trade Related Intellectual Property Rights (TRIPS) agreement to accommodate the problems of low-income countries and advocates phased implementation of TRIPS.TRIPS deals with agreements in respect of Copyrights, Trade Marks, Geographical Indications, Industrial designs, Lay out designs of integrated circuits and Protection of undisclosed information (trade secrets).As per our obligations under the World Trade Organisation (WTO) agreement, the patents (Amendments) Act, 1999 was passed in March1999 to provide for exclusive marketing rights. In respect of plant varieties a Bill tabled by the Ministry of Agriculture to put in place sui generis system has been passed by the Lok Sabha. A legislation giving protection to lay-out designs, called the Semiconductor Integrated Circuits Lay-out-Design Act, 2000 has been passed by Parliament. Asregards Copyright and related rights India is a signatory to the Berne Convention. The Copyright Act, 1957 as amended in 1994 takes care ofour own concerns and meets with the requirements of the TRIPS Agreement except in the case of terms of protection of performers` rights. A Bill to increase this term to 50 years was passed by Parliament in December, 1999. Trade Marks Bill was passed by Parliament in December, 1999 which, inter alia, provides for protection to service marks. The Geographical Indication of Goods (Registration & Protection) Act, 1999 was passed by Parliament in December 1999. The Designs Act, 2000 was passed by Parliament in May, 2000.